

Secretary, IAC Ad Hoc Committee on Exchanges

16 June 1958

THRU : Chief, Industrial Division, ORR

Chief, Electronic Equipment Branch, D/I, ORR

**Comments and Suggestions Concerning Soviet Counterproposals on
Electronics Exchange**

1. At your request, the Soviet Aide-Memoire containing counter-proposals on the Electronics Exchange has been reviewed and assessed by this Branch.
2. Three features of the Soviet note appear to be unacceptable from the standpoint of US interests. First, the Soviets are very specific concerning the US installations they wish to visit, those they do not wish to visit, and those Soviet installations they do not wish us to visit; they are, however, extremely non-committal concerning those Soviet installations to which they will permit visits by the US side. Secondly, although they desire that the Soviet specialists be permitted to travel to widely dispersed points in the US, their apparent intent is to confine travel by our delegates to Moscow and Leningrad. Thirdly, while they blandly request access to several closed areas in the US (e.g., Syracuse, Dallas, Indianapolis) they have denied us access to Novosibirsk which, insofar as we had knowledge, was the only closed area we included in our suggested itinerary. In addition, they are apparently unwilling to permit our delegates to visit installations in such cities as Kharkov and Saratov which are open.
3. Since the US side has already made one laborious and, to a large extent, unsuccessful effort to draw up what was believed to be an interesting and equitable US/USSR itinerary, it is our opinion that the following approach should now be made:
 - a. The Soviets should be requested to draw up, as expeditiously as possible, a 3-4 week US/USSR itinerary, indicating specifically which Soviet installations they will permit us to visit and which US installations they desire to visit;
 - b. The Soviets should be informed that it is unrealistic on their part to expect to visit installations in US closed areas except on a quid pro quo basis. It might be pointed out that other Westerners have been permitted to visit certain of the Soviet closed areas (e.g., Senator Ellender in Novosibirsk). The question might then be raised as to why the apparent discrimination against a US electronics delegation?

c. The Soviets should be given to understand that although we recognize the very great importance of Moscow and Leningrad as centers of electronics production and that we certainly hope our delegates will visit many installations in these cities, nevertheless we, like themselves, would like our representatives to see facilities in areas not visited before.

4. If the Soviets can be persuaded to prepare their version of an equitable US/USSR itinerary, we would then have a concrete basis for further discussions and for some degree of mutual compromise. In preparing such an itinerary, the Soviets should be asked to keep in mind that in view of the rapid development of their electronics industry and the new forms of organization for management and production, our representatives are most desirous of discussing broad industry questions with responsible industry officials in Moscow.

5. A hurried survey of available information permits the following comments concerning the US installations in which the Soviets are interested and which were not included in the itinerary we prepared:

- a. General Electric, Syracuse
Raytheon, Waltham
Texas Instruments, Dallas

** Note: Waltham is
site of Raytheon's
microwave and power
tube operations.*

Syracuse, Dallas are closed, Uncertain as to whether Waltham is closed. All three firms well advanced in semiconductor (transistor) production. Ahead of Soviets from production standpoint.

- b. Mallory & Co. (Capacitors), Indianapolis

Soviets probably most interested in this company's advanced status in tantalum capacitor production. Indianapolis is closed.

- c. Ferrocube Corporation, Saugerties, N. Y.

Probably more advanced than Soviets in production of ferrites.

- d. Admiral Television, Chicago

This plant probably more fully automated than any comparable Soviet facility.

- e. International Resistance, Philadelphia

This company produces a very wide range of resistors, including the most advanced types.

f. Bendix Radio Division, Baltimore

Soviets are probably primarily interested in seeing airborne radio equipment produced by this company.

g. Eartherne Plant, Automatic Electric, Chicago

It is believed that this is what the Soviets meant by "Hatsory Station". Probably unknown to the Soviets is the fact that this is not as good a selection as what we have already offered them, namely, the Northlake Plant.

h. Teletype Corporation Plant, Chicago

No comment; this appears to be a reasonable request.

25X1A9a 6. Without making any prior commitments to the Soviets, perhaps and/or GO/C could be prevailed upon to sound out the management of the plants enumerated above (or similar plants) as to the acceptability of visits to their plants by a Soviet delegation. This will have to be done in any case in order to establish for ourselves a firm basis for further concrete negotiations.

cc: ED/OSI

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